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CHARLES ELMORE CROPLEY
CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, A. D. 1940.

No. 725

CASCO PRODUCTS CORPORATION,
Petitioner,

vs.

SINKO TOOL & MANUFACTURING COMPANY,
Respondent.

BRIEF OF RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

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February 7, 1941.

THE BUNTINGAR-WARREN PRINTING COMPANY, 310 WEST JACKSON, CHICAGO

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To the Honorable Chief Justice and Associate Justices of the Supreme Court of the United States:

SUPPLEMENTAL STATEMENT OF THE CASE.

In reading petitioner's "Summary Statement of the Matter Involved" one might be led to believe that the District Court and the Court of Appeals for the Seventh Circuit have failed to give effect to the rule that a licensee under a patent is estopped to deny validity, and that these Courts have held petitioner's patents invalid. This is not the case.

The Courts did not pass on validity, because of the estoppel, and did not hold any of the *licensed* patents invalid. The Courts held it was clear that there was no infringement.

The size of the task imposed upon the District Court and the Court of Appeals for the Seventh Circuit is apparent by reference to the Bill of Particulars (Rec. 31 and 32). There are six licensed patents and forty different claims relied upon in those patents. Some of the claims are charged to cover many different devices of defendant; for example, claim 17 of Patent No. 1,710,531 is alleged to cover seven different types of cigar lighters of defendant. Over seventy-five separate questions of infringement had to be passed upon by the District Court and the Court of Appeals.

In a rather long and detailed discussion of the various claims and devices the Court showed clearly that not one of the claims, taken at its face value, could be read on the devices (with the exception of one admitted by defendant) and that in view of the close prior art none of the claims could be broadened by judicial construction to include respondent's devices in its scope (Rec. 614, 625).

When the suit was originally filed to enforce the price-fixing clause of the license, a motion was made for a preliminary injunction and the motion was granted after a very brief hearing by the District Court. The Court of Appeals, after the matter had been briefed and argued fully, went into each of the many questions of infringement fully and held that the District Court had abused its discretion in granting the injunction. In order to give plaintiff full opportunity to show infringement, the Court of Appeals, although it had gone into the question of infringement exhaustively, sent the case back to the District Court with the statement that nothing in its decision "shall be construed by the District Court as a final adjudication upon the merits of the existing controversies as to infringement, the proper interpretation of the limitations of the patents involved, or the applicability of the prior art".

On page 2 of the present petition for writ of certiorari, petitioner states that the District Court dismissed the bill "upon the ground that the Court of Appeals had settled the question of infringement on the appeal from the preliminary injunction". We submit that this is not an accurate characterization of the District Court's work. The case was transferred by the District Judge who had granted the injunction to another Judge of the same Court. The trial lasted nearly a week, exhaustive briefs were filed, and the Court in its decision said:

> "It is true that in the opinion of the Court of Appeals it was said that it had refrained from passing finally upon the merits of the controversy, that certain of the prior art was not considered and that nothing in the opinion should be construed as a final adjudication upon the merits of the existing controversies as to infringement, but nothing in the way of evidence has been presented to me that was not before the Appellate Court.
>
> "I, therefore, hold that defendant does not infringe plaintiff's said patents and that its complaint should be dismissed." (Rec. 256.)

Petitioner then appealed, lengthy briefs were filed, and the case was finally argued, the court allowing twice the usual time for oral argument. That the Court of Appeals again went into the question of infringement minutely is clear from its fourteen page opinion (Rec. 614).

Petitioner states that the main issue was how the prior art might be properly used in determining whether defendants' devices came within the scope of any of the claims. We submit that this issue was fully decided by this Court in *Westinghouse Co.* v. *Formica Co.*, 266 U. S. 342, and that the Court of Appeals merely followed the decision of this Court in that case.

Opinions of the Courts Below.

The opinion of the United States District Court for the Northern District of Illinois, Eastern Division is not reported in the Federal Supplement but is in 42 U. S. P. Q. 498. A copy appears at pages 255-257 of the record.

The opinion of the Circuit Court of Appeals for the Seventh Circuit is not yet reported in the Federal Reporter but is in 47 U. S. P. Q. 484. A copy appears at pages 614-628 of the record.

The earlier opinion of the Court of Appeals on the preliminary injunction matter is reported in 89 Fed. (2nd) 916.

ARGUMENT.

Petitioner's prayer for writ of certiorari reads as though the Court of Appeals had held the licensed patents invalid, while as a matter of fact, the Court only held those patents invalid which were not included in the license agreement. The patents under which respondent was licensed were held not infringed; and we submit that even a cursory examination of the claims with the devices charged to be infringed will reveal that, even without reference to the prior art, they do not read on the accused devices.

Respondent complains that defendant in proving that it merely followed the prior art (primarily its own earlier patents), plus mechanical skill, was attacking the validity of the licensed patents. Certainly it was not necessary for defendant to prove that the accused devices were exactly like the prior art. It had the right to make whatever improvements it desired so long as it did not invade the proper scope of the licensed patents. Surely such a showing could in no way affect the validity of the patents.

The Formica Case.

In *Westinghouse Co.* v. *Formica Co.*, 266 U. S. 342, this Court quoted with approval a decision in the Sixth Circuit by Judge Lurton, including the following:

> "The Court will not assume against an assignor, and in favor of his assignee, anything more than that the invention presented a sufficient degree of utility and novelty to justify the issuance of the patent assigned, and will apply to the patent the same rule of construction, with this limitation, which would be applicable between the patentee and a stranger."

The essential facts in the Formica case appear on pages 343-354 of this Court's decision (Vol. 266).

The patent disclosed two quite different new things. First, it disclosed a new and very valuable two-step process for making molded articles out of fibrous material and bakelite. This process was not used by the Formica Company.

The patent also described the manufacture of a non-planiform article, *i. e.*, any article not perfectly flat, out of fibrous material and bakelite by a process broad enough to include either the new two-step process or the old one-step process. Claims 11 and 12, which were sued on, covered this broad process of making non-planiform articles, and described precisely what defendant, Formica, was in fact doing.

The prior art showed that it was old to make planiform articles of fibrous material and bakelite resin and it also showed that it was old to make non-planiform articles of fibrous material and other kinds of resin.

Under this state of the art the exact thing described in claims 11 and 12 was new, that is, non-planiform articles had not happened to be made of fibrous material and bakelite resin. Therefore, it is clear from page 354 that when this Court held there was nothing new in the O'Connor process, except the two-step process, it meant that there was nothing patentably new or inventive, but it did not mean that the exact accidental selection of steps was specifically old, for it was not.

Since claims 11 and 12 had in them nothing patentably novel, the Court said it was necessary to read into them O'Connor's two-step idea. When so limited, defendant did not infringe.

Here, therefore, we find a case where the thing actually defined in the claims was new but not inventive, and where the claims, therefore, were limited, beyond their face value, so as to avoid what defendant was doing. In other words, this Court treated the claims precisely as it would

in an infringement suit, refusing to give a decree of infringement on a claim which was plainly invalid for want of invention as it stood.

Petitioner's Claims, at Face Value, Are Not Infringed.

In our present case it was wholly unnecessary for the Court of Appeals to go as far as this Court did in the Formica case, because none of the claims in the licensed patents read on the accused devices. It was unnecessary for the Court to read anything into the claims to hold no infringement. The prior art was used, as is clear from the decision of the Court of Appeals, to show what the patentable features of the claims are, and that structural features specified in the claims could not be disregarded. As in the Formica case, the claims were held not to be infringed and their validity was not adjudicated.

In determining the question of infringement the Court very properly first looked to see what the invention was in each claim and then determined whether the accused device used that invention or was merely following the prior art plus mechanical skill. This in no way adjudicated the validity of the claim.

Petitioner's "Point 2" is based on the fallacious theory that defendant's showing of the origin of its accused device is an attack upon the validity of the patent. That contention cannot be established.

Petitioner fears that the application of the rule in the Formica case will make patent owners reluctant to grant licenses. We submit, on the other hand, that an abandonment of that established rule would place a licensee at the mercy of a patent owner and would make it dangerous to take an ordinary license. Certainly respondent in this case has had no "immunity from patent infringement suits" by petitioner, and the license has served merely to

prevent defendant from making the easier defense of invalidity.

Under "Point 3" of the petitioner's brief, an attempt is made to show a conflict between the decisions in the present case and a wholly unrelated case in the Second Circuit, *i. e., West* v. *Premier Register Table Co.*, 27 Fed. (2d) 653. We see no conflict. Both cases involved an estopped defendant and, although it was hard to see invention in the patents, none of the patents was held invalid in view of the decision of this Court in the Formica case.

The Claim Discussed by Petitioner.

We agree with respondent's remark under "Point 4" that this is not the place for a detailed analysis of respondent's devices and petitioner's patents, especially when over seventy-five separate charges of infringement are involved in the appeal.

However, concerning claim 6, set out on page 17 of petitioner's brief, the accused device does not have "a supporting plate" with "a dished portion adapted to snugly fit said mica plate".

The functions of the parts discussed by petitioner do not necessarily follow from elements specified in the claim; they are old in the prior art (Rec., 420 and 472), and they were not shown to be present in respondent's device. The accused device has a hemispherical cup in which is loosely mounted a curved mica spider. The Court of Appeals looked for the invention and said (Rec. 622):

> "If Cohen's invention lay in his specification of a dished plate and the consequential easy assembly, clearly, defendant's device does not infringe, for it does not include this element, but rather follows everything that Zecchini taught. We said in the former appeal that the scope of Cohen's invention was extremely limited and that upon the evidence then submitted infringement was not clearly shown. We believe the present record shows no infringement."

CONCLUSION.

The validity of petitioner's licensed patents has not been adjudicated because a licensee is estopped to deny validity. The prior art was used to show non-infringement in accordance with the decision of this Court in the Formica case. Respondent's proof that the accused devices were following the prior art, plus mechanical skill, did not in any way put the validity of the licensed patents in issue.

Because of the estoppel to deny validity in this case, the Court was obliged to consider separately the question of infringement of the many claims of the licensed patents as applied to each of the accused devices. This laborious task was performed twice by the Court of Appeals for the Seventh Circuit and by the District Court after final hearing. Those Courts agreed that the claims, taken at their face value, are not infringed, and, when construed in view of the prior art, non-infringement is manifest.

As there is no conflict between the decisions of the Courts in the various circuits, and because there is no new question of law or public interest involved, it is urged that the petition for writ of certiorari be denied.

Respectfully submitted,

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February 7, 1941.

Receipt of 3 copies of the above brief is acknowledged this ..... day of October, 1941.

.....
Of Counsel for Petitioner.